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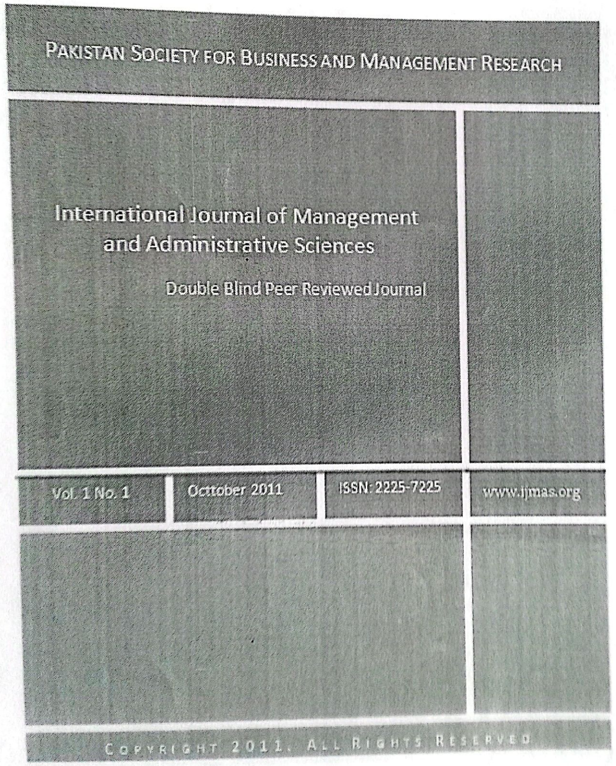

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Creation of Small and Medium Scale Enterprises in Nigeria: The Entrepreneurial Perspective

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ABSTRACT

The role of entrepreneurs in the establishment and development of new business enterprise in any nation cannot be over-emphasized. This is due to the tremendous impact of the existence of business enterprises to the nation's economic development and employment generation which further led to an increase in social mobility. Since government cannot provide employment to all her citizenry, the quest for entrepreneurial skills became deeply rooted in the nation's population. Despite the fact that entrepreneurs play a tremendous roles in bringing new enterprises to lime-light, they still face a lot of difficulties. It is therefore the thrust of this paper to examine various problems faced by founders of new industries as well as strategies that can be adopted to mitigate the huddles. Secondary method of data collection was used to generate the required information and it was discovered that, founders of new business enterprises face a lot of problems especially where the new enterprises have little or no preceding industries that it can take clue from. Among the number of difficulties faced by founders of new enterprises are cognitive legitimacy, sociopolitical legitimacy, freedom of actions, lack of guarantee for the safety of entrepreneurial profits etc. Also a number of strategies have been discussed that can also be adopted to mitigate the impact of the problems or avert them completely. It was concluded that while the environment within which entrepreneurs operate keeps changing, Entrepreneurs must constantly think outside the box in order to be at par or above all environmental circumstances.

INTRODUCTION

In any circumstance what so ever, discovering and bringing a new business or industry to lime-light is often very difficult particularly when the new business is unprecedented or has few preceding businesses. An entrepreneur confronts a great deal of tasks in trying to put together ideas that eventually transform into productive and profitable venture(s). No matter how mountainous the challenges on the path of establishing a new business are, entrepreneurs must at all time be prepared to think far ahead of other to surmount any difficulty that comes has way, as the provider of funds and the larger society depend on his intellectual capability in discovering and sustaining viable businesses. It will not be out of place to say that, unlike a business that has been pioneered by a number of businesses, discovering a new business is unequivocally risky. But, it is riskier if the risky elements are not confronted. This is as a result of the fact that risks and returns are positively correlated. In order to increase investor's return, Entrepreneurs should be able to take calculated risks so as to assist provider(s) of capital and other productive resources commit into viable ventures and minimize the inherent business risks as low as possible. Navigating a new business opportunity usually portrays entrepreneurs as unintelligent by laymen. This is because of the disparity in environmental and institutional perception between the entrepreneurs and laymen. A number of factors are of tremendous importance to the success of a new business Enterprise. Such factors include demand for the new business' products or services, competitive pressure from related business, government policies (legitimacy of the business), skills of the workers and the hallmark of it all is the provision of financial wherewithal (funding). Apart from the normal pressures facing new organizations, they must also carve out new market, raise capital from skeptical sources, recruit trained and untrained employees and cope with other difficulties stemming from their nascent status (Oni E. 2007).

It has been argued that new enterprises particularly small businesses often find it difficult to raise funds for its operations. Ecological theorists provided a related evidence of lower funding and higher disbanding rates

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when industries are small (Hannan and Freeman, 1989). While the ecological theorists concentrated on the size of a business as a yard stick for raising fund, others like Mayer and Rowan (1977) however, opined that firms lack external legitimacy due to their small number. In other words, Mayer and Rowan believed that for firms to gain popularity and recognition in any economy or society it should have a reasonable level of numerical strength possibly to lobby for certain policies and law to be formulated and made in their favor. Delacroix and Rao (1993), disclosed that a sizeable number of firms face a chronic problem of socio-political circumstances from the environment within which the business operates. Hannan and Carrol (1992), buttressed the position of Mayer and Rowan (legitimacy issues) that new business lack legitimacy because of poor understanding and knowledge of the business on the part of business owners.

The economic model theorists have different views from ecological theorists, legitimacy idealists and have ascertained that industry entry and exit depend on the forces competition (Delacroix et' al). Economic theories of industry creation have been on risks and economic trade – offs that characterized new industry entry decisions (Klepper and Graddy 1990; Winter, 1984) while little weight being given to the social context within which those decisions are embedded, innovative entrepreneurs are faced with many constraints which portray them as confronting an insurmountable obstacle. It is based on this premise that the passion for this research work was ignited to address the seemingly insurmountable obstacles. Several topical issues with respect to the creation of new business enterprises will be extensively discussed and lucidly presented in a manner that will provide founders of new enterprises the required insight to overcome all the aforetasted obstacles and other bottle-necks that may stand the ways of entrepreneurs. Methods of establishing new form of norms and paving ways for emerging industries to thrive also form an integral part of this write up.

CONCEPTUAL FRAMEWORK AND REVIEW OF LITERATURE

ENTREPRENEURS AND LEGITIMACY ISSUES FACING NEW ENTERPRISES

Oni E. (2007), explained that new industries emerge when entrepreneurs succeed in mobilizing resources in response to perceived opportunities. Every new Enterprise is faced with the challenges of identifying profitable opportunities, acquiring and assembling resources, recruiting and training employees and so on which all requires the cooperation and strategic interaction of individuals and groups. The fundamental basis of interaction is usually not there for founders of new industries to harness which make them (founders of new enterprise) to lack the required familiarity and credibility to keep the wheel of business turning effectively. The legitimacy constraints facing emerging or new industries which tend to stunt the growth of new enterprises include among others: lack of access to the capital market where funds can be raised to finance the business activities of the new industry and government protection through policy formulation that benefits emerging business enterprises in the country. The Nigeria capital market remains one major source through which investors and prospective users of funds interact freely by channeling funds from surplus region to deficit region. But, because investors and the capital market are concerned about the veracity of any proposed business, they tend to be wary of the nature of business where funds are pushed to. This singular act from skeptical investors constitute a bane to new industries because of their nascent status in the economy. A lot of money need to be spent by new industries to achieve the required popularity and acceptance from the members of the public which represent major players in the capital market. It is very difficult for a new enterprise looking for money to kick start its activities and to additionally strive to gain popularity in the economy. Also the patronage that new businesses or industries can enjoy stems from the express approval of the government for that business to be carried out. For instance policy can be formulated to discourage cigarette production is in place in Nigeria where manufactures are expected to add to their advertorials "smokers are liable to die young". Also obasanjo's regime banned the importation of second-hand automobiles between 1999-2007. This also made it difficult for new entrants into car dealing business in Nigeria to make head-way at that time. Legitimately, for any business to be acceptable in Nigeria, it must receive an unequivocal and express approval of the government.

Hannan and Carroll,(1992) explained that when the number of organizations in a new industry is small, new organizations are thought to have a lower chance of survival because they must learn new roles without having role models and they must establish strong ties with an environment that does not understand or acknowledge their existence. Ranger-more et al (1991), also added that as an enterprise grows, increasing numbers of organizations raise its legitimacy along two dimensions; the knowledge about the new business and what it needs to excel in the industry (cognitive) and the value placed on the activities of the new

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business by culture, values, norms and political settings of the society (socio-political). From the foregoing, it is very clear that for a new business/industry to excel exceptionally, a wide-range of knowledge as to the nature of activities of the business by members of the public is very important and such nature of business must not go against the customs and tradition of the people where it is expected to operate or be seeing as being repugnant to natural justice. These two dimensions are guiding factors within which an entrepreneur must be prepared to explore in order to claim to the fullest the abundant advantages thereof.

COGNITIVE LEGITIMACY: Behind every successful business is productive idea. In other words, every business or industry begins with transformation of ideas into productive ventures. A business does not operate in a vacuum, but operates as part of the larger socio-economic setting, the knowledge of which must be allowed to flow freely from the entrepreneurs to the public. That is, information about the new business enterprise must be at the domain of the general public.

Hannan and Freeman(1986), identified that when an activity becomes so familiar and well known that it is taken for granted, time and other organizing resources are conserved, "attempts at creating copies of legitimated forms are common, and the success rate of such attempts is high". That is to say that one can measure cognitive legitimacy by the level of public knowledge about a new activity. Cognitive legitimacy from the perspective of producers means that a new entrant into an industry is likely to copy an existing organizational form rather than experiment with a new one. That is, new industry is likely to copy the architecture (process) of an existing industry to succeed in its course to achieve public acceptance. Consumers on the other hand who by their nature always clamor for better value for their money would want to get the full knowledge about the products/services of a new industry, else they (consumers) will not buy at all or enough of new industry's products/services. This is because new customers to a new industry are highly promiscuous, less loyal, highly experimental, less forgiving and easily bored. They are therefore likely to turn any new industry that cannot meet up with their expectation down for others that can deliver beyond their expectation. Cognitive legitimacy here means that people (consumers) are knowledgeable users of the products or services of the industry.

SOCIO-POLITICAL LEGITIMACY: Elsbach and Suttisn (1992), disclosed that studies on organizational legitimacy have focused primarily on the impact of controversial activities of firms ability to acquire and maintain socio-political approval. Also, Oni .E. (2007), argued that socio political legitimacy refers to the process by which key stakeholders, the general public, key opinion leaders or government officials accept a venture as appropriate and right, given existing norms and laws. By extension, one can measure new enterprises' socio political legitimacy by assessing the level of public acceptance of that industry and once a business is seen by the public and the government as worthwhile, it begins to enjoy the patronage of all and sundry in that locality which marks the beginning of industry's prosperity. Many new organizations will have to struggle for a very long time to achieve this legitimacy due to threats already created by older businesses to new entrants. Entrepreneurs must therefore be in this known of the tremendous task ahead of them in achieving a cosmopolitan business enterprise.

Dimaggio and Powel (1983) cited by Oni E. (2007), expatiated that social contexts present entrepreneurs with many constraints and also create windows of opportunities. Through processes of social construction, entrepreneurs can develop new meanings that may eventually alter institutional norms. This simply means that individuals in organization can work together as a team to produce and reproduce their environment and make such environment friendly for the smooth take-off and operation of the business of the enterprise. When a business is set up or operates in a hostile environment, all environmental factors tend to work against the smooth running of that business. It is very pertinent to say that for an organization to create and recreate its environment, it must have clear cut of the environmental forces. For instance, the looming Islamic banking system policy may be clearly interpreted by new entrants into the banking industry or existing banks and take the full advantage there-off. Environmental factors within which new and old businesses operate are never fixed and for any business to see the light of the day and stand the competitive advantage, it must at all time respond to environmental forces and tame or influence those factors (micro-environmental factors) to suit its purpose of being in existence.

INSTITUTIONS FOR NEW ENTERPRISE S' PROPERITY

A number factors account for the difference in the pace of innovation and the fervor of entrepreneurship in different societies. Kirzner M. (1979), argued that profit drives the economic engine of every industry (new or

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existing) and he defined profit in this context as the net above the next best realizable values which is only possible if an entrepreneur discovers certain resources and can put them to higher-value uses than they are currently. The resources are put to their current low-valued uses because their owners, in their own understanding know of no higher-valued uses for them. The entrepreneur being a person in the known of profit potential of those resources redeploys the resources to higher valued uses.

The entrepreneurial alertness to profitable opportunities is further stimulated by incentive for gain with the sweet smell of profit, many more individuals with lofty goals and ideas tend to put such ideas to work. Insofar as the entrepreneurs are driven by profit incentive, a clear examination of various institutions in terms of profit incentives they provide can be made. Kirzner M. (1979) explained that institutions that provide incentive for entrepreneurship will also be conducive for new enterprises's prosperity and conversely, those societies whose institutions do not provide sufficient incentive for the entrepreneurs will not be prosperous for a new enterprise. In this respect, four (4) basic features of institutions that impact entrepreneurship will be discussed. Such environmental features include: Freedom of action, channeling actions to value creation, protection of fair gains and ideology that encourages experimentation.

FREEDOM OF ACTION: The most important feature of institutions for new industry's prosperity is the freedom of thought and action. Wealth creating entrepreneurship consists of discovering and exploiting profitable opportunities neglected by others thereby creating value that would not exist otherwise. Wealth creation requires that the entrepreneur can freely experiment and seize profitable opportunities whenever he or she discovers them. Young B. (2009), opined that all economic actors conduct their affairs base on their own understanding and very often, people, through repeated interaction can come to have a similar or conventional understanding of a situation. Actions realized base on conventional understanding will exhaust all known profit opportunities leaving no more profit opportunity unexploited. However, there could be profit opportunities unknown to the conventional bound; someone with a different and superior understanding of the situation may notice profitable opportunities ignored by others. For actions to be properly carried out entrepreneurs should have the freedom to act however unconventional or unorthodox his action may be. In other words, restrictions on the unconventional acts of the entrepreneur may greatly discourage the pace of innovation. Freedom of action would mean little if there are restrictions in the re-deployment of resources that the entrepreneur believes can be put to higher value use than current uses. Therefore, laws and regulations that unduly restrict voluntary transactions would restrict the freedom of entrepreneurial actions. Such laws may include costly license requirements that make entry requirement extremely difficult for people with productive ideas, labour and capital regulations that prohibit voluntary transactions that harm no body (other than certain privileged interest group) and so on.

CHANNELING ACTIONS TO VALUE CREATION: From an individual's point of view a gain regardless of whether the gain is through wealth creation or through redistribution of someone else's expense. The one who gains through wealth creation is the entrepreneur. The one who gains at others expense, by taking others wealth without their consent is a thief, a scammer etc. (Young B. 2009) it should be noted that the act of gaining at the expense of others diminishes wealth not only in terms of the opportunity cost of the grabber but encourages other to try to do likewise leaving those that would have engaged in value creation activities helpless. If sizeable number of people believe that the chance of success in life is greater through theft, scam or rent-seeking, entrepreneurship will be discouraged and bringing new industries to existence would be largely doomed. One clear sign of a society channeling talents to unproductive avenue is the eagerness with which people pursue government posts. The ultimate source of the prestige and attractiveness of government post is the advantages afforded by them, ranging from the combination of emolument, gifts (bribe) to opportunities for extortion. If an institution is built on this platform, it becomes difficult for people's mind to be re-directed towards wealth creation through productive ideas when a fold of return can be generated with less stringent thinking. Entrepreneurs in this kind of institution need a lot more to do to change people's mindset by inculcating ingenious ideas into them thereby facilitating the speed of new business/industry creation. A lot of ideas have been killed by institutions that lack appropriate channel for real value creation. For instance, the educational system in Korea shows a symptom of channeling talents to unproductive avenues which made them to invest heavily in education where ideas that transform society are thought. In Nigeria, a good number of people believe in politics as a means to amass wealth which make a lot of states to depend largely on allocating from federation account which is within the state distributed to thugs and political allies. But recently the thinking of the people has been fine tuned towards the notion that more

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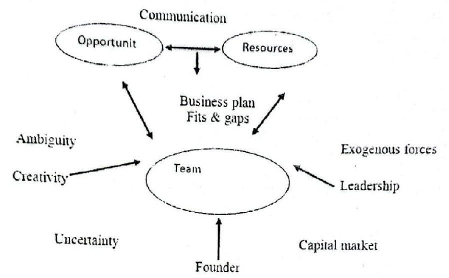
wealth can be generated if each state can channels its resources to productive ventures so as to reduce the number of people that will wait for the government or political godfather to put food on their tables. This forms the basis for the inclusion of entrepreneurial studies in all the Nigerian tertiary institutions of learning.

PROTECTION OF FAIR GAINS: This is otherwise called protection of entrepreneurial profit. Entrepreneurship is stimulated by the prospect for profit. The incentive for entrepreneurship will be much diminished if gains from value creation are not secured. Most civilized societies have some protection for private property without which freedom of action is meaningless and exchange of goods nearly impossible. Entrepreneurial profit is usually prone to arbitrary seizure through targeted legislation and or decree (Kirzner M. 1979). The reason for this is not far-fetched because when entrepreneurial profit is large, it is both noticeable and tempting for others to grab. Also the nature of profit is often misunderstood, rendering profit and object of envy by a number of people in that society. Fantastic gains of the entrepreneur without appreciable reasons often arouse suspicion about the legitimacy of the profit (Kirzner M. 1979). When the general suspicion against the entrepreneur is stoked by the resentments harbored by those whose livelihoods have been disrupted by competition, the entrepreneur can become a target for pillory and expropriation. The heightened resentment in an unrestrained democracy can be easily translated into mob incited seizure by the power of government significantly compromising property rights and weakening the entrepreneurial incentive. This is to show that the way and manner in which entrepreneurs profit is protected depends greatly on how the masses understand the nature of profit. For this reason, we can now turn to consider how the prevailing ideology portrays entrepreneurship.

IDEOLOGY THAT ENCOURAGES EXPERIMENTATION: This can also be referred to as ideology of wealth creation. If entrepreneurs are demonized and their properties subjects to arbitrary seizures, they may survive the treacherous environment only with great difficulties. Even in most inhospitable political milieu, some entrepreneurs may not be deterred as they cannot resist the lure of profit and manage to secure sufficient protection for their own properties, albeit at high costs, lesser entrepreneurs will be more easily discouraged if the ruling ideology of a society portrays the entrepreneur negatively, the machinery of the state will move against the entrepreneur. The wealth creation process will then be much dampened. The ideology hostile to entrepreneurship includes the following. No one can profit at the expense of anther, the rich got rich at the expense of others, and the poor got poor because they have been unfairly exploited by the rich. The poor are innocent victims, the rich do not deserve their wealth because they are merely lucky and it is unfair to those who have not been lucky. The economic system is rigged against the poor, there is no social mobility and rich get richer while the poor get poorer.

ENTREPRENEURIAL WAYS OF SCREENING INDUSTRIAL OPPORTUNITIES: Time is the ultimate ally and enemy of entrepreneurs. The harsh reality is that you will not have enough time in a quarter, a year or a decade to pursue all the ideas for businesses you and your team can think of. Because an entrepreneur can not engage in all the business ideas which he can develop, it therefore becomes necessary to screen effectively among the number of opportunities so as to determine the line that best fit, in which any propose business can thrive. In fact you do not have a strategy until you are saying no to lots of other opportunities (Jeffry A. and Stephen S. 2009). This demand is part of both pursuing and rewarding Darwinian aspect of entrepreneurship. Many will try, many will fail, some will succeed and a few will excel. Ideas that turn into superior businesses are not accidental but anchored by the following ideas as advanced by Jeffry A. and Stephen S. (2009).

1. They create or add significant value to customers or end users
2. They do so by solving a significant problem, removing a serious pain points or meeting a significant want or need for which someone is willing to pay a premium
3. They have robust market margin and money making characteristics that will allow the entrepreneur to estimate and communicate sustainable value to potential stakeholders. It should be such with high growth rate of (20 percent +), high gross margins of (40 percent +), strong and early free cash flow, high profit potential of (10 to 15 percent after tax) and attractive realizable returns for investors.
4. They are good and fit for the founders and management team with an attractive risk-reward balance. To achieve these four cardinal business oriented ideas, entrepreneurs must be able to blend ideas with a number of factors that amplify the profit potential of the business. These factors are opportunity, resources and team as demonstrated in the diagram below.



Source (Jeffry A. and Stephen S. 2009)

A core fundamental entrepreneurial process accounts for the substantially great success pattern among higher-potential ventures. The lead entrepreneur's job is simple enough. He or she must carry the deal by taking charge of the success equation. In this dynamic context, ambiguity and risks are actually your friend.

THE OPPORUNITY: At the heart of the process is the opportunity. Successful entrepreneurs and investors know that a good idea is not necessarily a good opportunity. In fact, for every one hundred (100) ideas presented in the form of business proposal, usually fewer than four (4) get funded. More than 80% of these rejections occur in the first few hours, another 10 to 15 percent are rejected after investors have read the business plan carefully. Fewer than 10% attract enough interest to merit a more due diligence thorough review that can take several months (Jeffry A. and Stephen S. 2009). Business opportunities are in myriad of numbers and are also fast growing. Entrepreneurs can identify good opportunities through the following characteristics. Underlying market demand as a result of the value added properties of the products and services, the market size, the economics of the business particularly robust margin and free cash flow drive new enterprise creation. A good understanding of opportunity can be built by first focusing on market readiness. That is consumer's trends and behaviours that seek new products and services.

RESOURCES: One of the erroneous believes among untrained entrepreneurs is that one need to have all the resources in place, especially money to succeed in new industry creation. Thinking money first is a big mistake (Jeffry A. & Stephen S. 2009). Money follows high potential opportunities conceived of and led by strong management team. In fact, many investors have cried that for years there is too much money chasing too few deals. In other words, there is shortage of quality entrepreneurs and opportunities not money. Successful entrepreneurs devise ingeniously creative and stingy strategies to marshal and gain control of resources.

THE ENTREPRENEURIAL TEAM: There is little dispute today that the entrepreneurial team is a key ingredient in the higher-potential venture. Investors in new industries are usually captivated by the creative brilliance of a company's head entrepreneur. In the world today, there is plenty of technology, plenty of entrepreneurs, plenty of money, plenty of venture capital. What is short in supply is great teams. The biggest challenge of entrepreneurs in new industry is building a great team that will identify the opportunity as well as the required resources, draw the fittest line and maximize investors return. These teams invariably are formed and led by a very capable entrepreneurial leader whose track records exhibit both accomplishments and several qualities that the team must possess. As a pace-setter and culture creator the lead entrepreneur is central to the team as both a player and a coach. A leader adapts a philosophy that rewards success and supports honest failure, share the wealth with those who help create it and set high standard for both performance and conduct.

ORGANIZATIONAL STRATEGIES FOR NEW INDUSTRY CREATION: According to Oni E. (2007), Entrepreneurs need strategies for encouraging a trusting party's beliefs in share expectations, reasonable efforts and competence of the aspiring entrepreneur. Given the absence of information and prior behaviour concerning a venture in a new industry, pioneering founders cannot base initial trust building strategies on objective external evidence. Instead, they must concentrate on framing the unknown in such a way that it becomes believable.

An "entrepreneur must engineer consent using power of persuasion and influence to overcome the skepticism and resistance of guardians of the status quo" (Dees and Starr 1992). Without clear guidelines for assessing performance in an emerging industry, a new venture stakeholders find it difficult to consistently weigh risk/return trade-offs. Founder cannot easily convince others to follow their directions as they have no tangible evidence that such actions will pay off (Oni E. 2007). This is therefore very clear that in an already established industry, founders can simply cite tradition to their employees and other stake holders as justification for certain actions.

Apart from the lack of precedence to certain new industries, Entrepreneurs also face the challenges of wining the approval of the organizational stakeholders for their activities even when they (entrepreneurs) have lofty and viable business proposals. Institutional precarious support couples with the attacks mounted on the new industry, stakeholders within an organization are understandably shy about given their wholehearted commitment to entrepreneurs. That is, on what basis should they trust the entrepreneurs? It is very clear from the foregoing that entrepreneurs face quite a lot of difficulties in bringing new industry into existence, Entrepreneurs must develop strategies that will keep them at par or above various problems and difficulties that may be posed by institutions and environment within which they operate.

INNOVATION: The essence of entrepreneurship is creation (Lumpkin and Dess, 1996). Innovation, often the foundation of creations is critical for any firm (large or small) to compete effectively in the twenty-first century's landscape (Ham el, 2000). The whole essence of entrepreneurship is newness and entrepreneurs can only succeed if he thinks outside the box and challenge conventional thinking. Entrepreneurs need to strive hard to create new market, new resources, new customers and new combination of existing resources to create unequal value that will put him above competitors. Smith and Di Gregorio argue that entrepreneurial firms can use bisocation to produce a creative action. Essentially, bisocation is the combination of two unrelated sets of information and resources. The extent to which bisociation is used differentiates the integrated entrepreneurial and strategic actions taken. Therefore, the variance in levels of knowledge across buyers and sellers presents entrepreneurial opportunities. Entrepreneurs that are smart will subsequently identify these opportunities and take strategic action to exploit them. Think about the innovation brought about by CD ROM (Microsoft Encarta) which is targeted at low and medium income earner, kids and adults with background entertainment sequel to the expectation that micro computers would soon be on individual's table as against the large volume of encyclopedia Britannia that the size alone scares the later generation and mitigate their reading interest. It was also noticed that encyclopedia was very expensive and targeted at higher income earners.

ALLIANCE AND NETWORKS: Another form of strategy that can be adapted by founding entrepreneurs is alliance and networks. These have emerged as a major form of organizing to acquire the resources and capabilities to compete effectively in markets (Hitt et al. 2001). Furthermore, Gulati, Nohria and Zaheer (2000) argued that strategic alliances and strategic networks can help firms develop resources and capabilities that are difficult to imitate which consequently lead to competitive advantage. For an Entrepreneur to excel excellently, the right people (Human resources) must be on the bus while the wrong set of people off the bus and begin to channel the course for the new industry regardless of whose toes would be stepped on. Nepotism should be shunned completely. Alliances and networks provide access to information, resources, technology and markets. Cooper, suggests that networks may serve even more competitively critical purposes for entrepreneurial firms. Networks create legitimacy for entrepreneurial firms when they partner with a well known and respected company. This is especially fine for independently new ventures that focus on creativity and creating new market or a niche within an established market. Additionally, alliance can lead to exchange relationships with entrepreneurial firms' customers. Therefore, the creation of new independent industries frequently is based either on the network ties of an individual entrepreneur or of entrepreneurial teams in the case of ventures by larger firms. In particular, sources of ideas for new industries often come from social networks.

DEVOLPING AN ENTREPRENEURAL MINDSET: An entrepreneurial mindset is similar to the concept of entrepreneurial dominant logic presented by Mayer and Heppard (2000). An entrepreneurial mindset or dominant logic is prepared to take advantage of uncertainty by being flexible, building a strong capacity for innovation in order to pre-empt competitors to exploit product market opportunities and receptivity to novel and promising new business models. Such entrepreneurial mindset in new industry must strategically not only create new products that are in high demand but also, build business that has staying power.

COGNITIVE LEGITIMACY: Most established industries that feel threatened by a new comer may undermine a new venture's cognitive legitimacy through rumors and information suppression or inaccurate dissemination of information about the new firm (Oni E.2007). It is often detrimental when older competing firms spread rumors that the product or technology of the industry is fake, unsafe, expensive and of inferior quality. Entrepreneurs can take advantage of the inherent ambiguity in interpreting new behavior by skillfully framing and editing their behaviors and intentions Vis-à-vis trusting parties. They need to emphasize those aspects of their ventures and their own backgrounds that evoke identities that others will understand as risk oriented but responsible. Founders must do this work for their ventures as they negotiate with other firms, but a more powerful image can be invoked when founders work through inter firm associations. Aldrich and Staber (1988), supported the aforestated view by adding that inter firm linkages such as trade associations play a critical role in helping entrepreneurs promote an industry's cognitive legitimacy. They help firms formulate product/process standards through trade committees, trade journals, marketing campaigns (to enhance the industry's standing) trade fairs where customers and suppliers can gain a sense of the industry's stability.

SOCIOPOLITICAL APPROVAL: Established organizations in related industries often strongly oppose the rise of new industries seeking to exploit similar resources, and they may try to block these new industries at every turn including questioning the conformity and compatibility of the new industry with the existing norms and values of the society and thus, change the terms on which resources are available to emerging industries. Several conditions quite common to new industries impede the collective actions needed to gain sociopolitical approval. For instance, if competing designs emerge and subgroups form around them, conflict among the subgroups may cause confusion and uncertainty for potential stakeholders (Oni E. 2007). Existing industries, in order to prevent new entry into the product market often lobby the government to formulate laws that give them the right to operate exclusively, thereby enabling stringent laws to be put in place to make it extremely difficult for founders of new industries to gain access into the market. Entrepreneurs that face this kind of challenge may simply seek the membership of trade association so that the association can lobby uniform federal regulations that will incorporate and protect the new company.

CONCLUSION

Challenges faced by new industries are quite enormous especially where the industries have no or few preceding industries that can guide the actions and operations of entrepreneurs in the new industry. This makes new industries always vulnerable to the liabilities of newness. With the extent of challenges faced by new companies which range from cognitive legitimacy, sociopolitical legitimacy, stringent entry requirement to pressure from competitors, founders of new industries need to consistently think outside the box through the formulation of various strategies different from those used by imitators and borrowers. Several strategies which new founders can harness in order to surmount problems facing founders of new industries were extensively elaborated. It was discovered that founders of new industries are determined to exploit all profitable opportunities except for the existence of certain constraints which call for further exceptional strategies. Apart from seeking the membership of trade associations in order to be covered by the existing legislations, entrepreneurial innovative ability is key to winning the minds and acceptance of the new industry's products by the public.

RECOMMENDATIONS

From the conclusion drawn from the study, the following recommendations are hereby put forward.

1. Entrepreneurs should remain focus and be determined no matter the height of obstacles but must operate within the confined of the existing legislation.

2. Since existing industries feel threatened by the entry of new industry, founders of new industries should collaborate with the existing one so as to mitigate the effect of new industry on the existing while the new one exploit marvelous opportunities while under the cloak of the existing company.
3. Since the government cannot employ all her citizens, laws should there be made to protect entrepreneurial profits so that such profits could be plough back into the business thereby further creating employment opportunities to the nation's teeming population.
4. Innovation is key to exceptional entrepreneurial success, therefore team work couple with seminars where new ideas and products are displayed should be encouraged.
5. Founding entrepreneurs should conduct extensively feasibility studies and check the viability of business before any investment is made so as to safe guide investor's resources and build stronger confidence.
6. Above all entrepreneurs must develop sound acumen on the best blend of opportunities, resources and team that give the required result(s).

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